



- 3 Yasmin and Zafran are in partnership. They prepare their financial statements to 31 March each year.

The annual rent expense for the partnership is \$8400.

During the year ended 31 March 2026, rent of \$6300 was paid.

At 1 April 2025, there was a prepayment of rent of \$700.

REQUIRED

- (a) Prepare the rent expense account for the year ended 31 March 2026. Balance the account and bring down the balance at 1 April 2026.

Yasmin and Zafran
Rent expense account

date	details	\$	date	details	\$
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[4]





Yasmin and Zafran are considering obtaining a long-term loan to buy the storeroom which they are now renting.

REQUIRED

- (b) Advise the partners whether or not they should take out a long-term loan in order to buy the storeroom. Justify your answer by providing points both for **and** against doing this.

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Question	Answer						Marks						
3(a)	Yasmin and Zafran Rent expense account						4						
	<table><tr><td>Date 2025 Apr 1 2026 Mar 31</td><td>Details Balance b/d Bank/Cash Balance c/d</td><td>(1) (1)</td><td>\$ 700 6 300 <u>1 400</u> <u>8 400</u></td><td>Date 2026 Mar 31 2026 Apr 1</td><td>Details Income statement Balance b/d</td><td>(1) (1)OF</td><td>\$ 8 400 <u>8 400</u> 1 400</td></tr></table>							Date 2025 Apr 1 2026 Mar 31	Details Balance b/d Bank/Cash Balance c/d	(1) (1)	\$ 700 6 300 <u>1 400</u> <u>8 400</u>	Date 2026 Mar 31 2026 Apr 1	Details Income statement Balance b/d
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Guidance <ul style="list-style-type: none">For marking purposes, dates have been ignored and the relationship between figures has been given importance.‘Cash’, ‘Bank’, ‘Cash/bank’ are acceptable labels but ‘Cash book’ is not an acceptable labelOF Balance b/d can be on either sideIf the closing balance b/d is 700 (instead of being shown as opening balance), (1) OF is awarded but if both balances are the same, mark only for the opening item is awarded													

Question	Answer	Marks
3(b)	<p>Points for</p> <p>No more rent would need to be paid / may be cheaper than renting (1)</p> <p>The business will own the property (1)</p> <p>No further liability after loan repaid (1)</p> <p>The business would not be subject to rent increases (1)</p> <p>Accept other valid points</p> <p>Max (3)</p> <p>Points against</p> <p>Loan has to be repaid (1)</p> <p>Interest will be charged (1)</p> <p>Lender may require security (1)</p> <p>Lender may refuse to grant the loan (1)</p> <p>Accept other valid points</p> <p>Max (3)</p> <p>Max (4)</p> <p>Recommendation (1)</p>	5
	<p>Guidance</p> <ul style="list-style-type: none"> • Need one point for and one against to be awarded the mark for recommendation • Converse comments are awarded max (1) not (2) marks 	